

**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2008**



**LOCAL MUNICIPALITY OF MADIBENG**

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**Municipal Manager's responsibility statement**

I am responsible for the preparation of these annual financial statements, which are set out on pages 8 to 20, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

\_\_\_\_\_  
P.M. MAPULANE  
Municipal Manager

\_\_\_\_\_  
Date

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**1. BASIS OF PRESENTATION**

- 1.1 These annual financial statements have been prepared in terms of the 3 Standards of the Generally Recognized Accounting Practice (GRAP) and the 8 Standards of the Generally Accepted Municipal Accounting Practice (GAMAP) as approved by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003). These accounting policies are consistent with those applied in the previous financial year.
- 1.2 The municipality have certain transactions, events or balances that are outside the ambit of the accounting standards referred to above but which have been based on the Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board Statements and Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee.
- 1.3 Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.
- 1.4 The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the going concern basis.

**4. HOUSING FUNDS**

The Housing Development Fund was established in terms of the Housing Act (Act No 107 of 1997).

**4.1 Housing Development Fund**

Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, required that the municipality maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund. Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

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The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa) read with, inter alia, Section 16(2) that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilization of the Housing Development Fund:

- The Housing Development Fund is cash backed, and invested in accordance with the investment policy of the municipality.
- The proceeds in this fund are utilized for housing developments in accordance with the national housing policy and also for housing development projects approved by the MEC for housing.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

#### **4.2 Unrealized Housing Proceeds**

In order to comply with Section 14(4) (d) (i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

### **5. RESERVES**

The municipality creates and maintains reserves in terms of specific requirements.

#### **5.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other property, plant and equipment, from internal sources, amounts are transferred from the accumulated surplus/ (deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR may only be utilized for the purpose of purchasing items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus/ (deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

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**5.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/ (deficit) in terms of a MFMA Circular no.18 issued by National Treasury.

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit). When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**5.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with the MFMA Circular no.18 issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from Government Grants is disposed of, the balance in the reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**5.4 Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from donations and public contributions, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the Donations and Public Contributions recorded as revenue in the Statement of Financial Performance in accordance with the MFMA Circular no.18 issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the reserve to the accumulated surplus/ (deficit).

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be

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incurred over the estimated useful life of the item of property, plant and equipment financed from such reserve.

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **5.5 Insurance Reserve**

A general insurance reserve has been established and subject to re-insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external re-insurers are regarded as an expense and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

The balance of the self-insurance reserve is invested in short term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Insurance reserve via the Statement of Changes in Net Assets as a contribution.

An actuarial valuation is obtained each year to assess the adequacy of the Insurance Reserve at yearend.

#### **5.6 COID Reserve**

The municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID).

The certificate of Exemption issued by the Commissioner and as prescribed by the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), requires that the Municipality deposit cash and/or securities with the Commissioner, the market values of which in aggregate, shall not be less than the capitalised value of the of the continuing liability of the Municipality as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalized value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID Reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner and the municipality is required to meet any shortfall in the aggregate value of the securities as at 31 December.

In addition to the COID Reserve a provision is made annually to provide for outstanding claims as at 30 June of each year.

### **6. PROPERTY, PLANT AND EQUIPMENT (PPE)**

#### **6.1 General**

6.1.1 PPE is stated:



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- At cost less accumulated depreciation.
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

6.1.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

6.1.3 The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R5 000.

## **6.2 Depreciation and impairment losses**

6.2.1 Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><i>Infrastructure</i></b>		<b><i>Other</i></b>	
Roads and Paving	10-30	Buildings	20-30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5-7
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><i>Community</i></b>		Specialized plant & equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30	Landfill Sites	30
Security	5		

6.2.2 Heritage assets, which are defined as culturally significant resources, are not depreciated as they are regarded as having an indefinite life. Land is also not depreciated for the same reason.

6.2.3 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

6.2.4 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognized as an expense immediately and charged as an impairment loss to the Statement of Financial Performance.

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6.2.5 The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation in accordance with the municipality's accounting policy on provisions.

### **6.3 Disposal of assets**

- Assets are written off on disposal.
- The difference between the carrying value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the Statement of Financial Performance.

### **6.4 Investment properties**

Investment properties are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary.

## **7. INVESTMENTS**

Financial assets and financial liabilities are recognised on the municipality's Statement of Financial Position when the municipality has become a party to contractual provisions of the instrument.

### **7.1 Investments in Financial Instruments**

- *Held to maturity (HTM) investments* are financial assets with fixed or determinable payments and fixed maturity where the Municipality has the positive intent and ability to hold the investment to maturity.
- *Loans and receivables originated by the enterprise* are financial assets that are created by providing money, goods or services directly to a debtor.
- *Available for sale investments* are financial assets that are designated as available for sale or are not classified as, (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

**INITIAL MEASUREMENT** of financial instruments is *at cost, which is the fair value* of the consideration given or received. The fair value is usually the transaction price or market price. In terms of AC 133:67 *transaction costs* are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

**SUBSEQUENT MEASUREMENT** of financial assets. *HTM investments and loans and receivables originated by the Municipality and not held for trading* are subsequently recognized *at amortized cost using the effective interest rate method*. *Amortized cost* is defined in AC 133:11 as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability. The carrying amounts of such investments are reduced to recognize any decline, other than a temporary decline, in the value of individual investments.

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**7.2 Investment in Controlled Entities**

Investments in controlled entities under ownership control or effective control of the municipality are carried at cost and are classified as available for sale investments. Separate consolidated financial statements will be prepared in accordance with circular 18 of National Treasury, to account for the Municipality's share of net assets and post-acquisition results of these investments.

The carrying amounts of such investments are reduced to recognize any decline, other than a temporary decline, in the value of individual investments.

**7.3 Interests in Joint Ventures**

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost and are classified as available for sale investments.

Separate consolidated financial statements will be prepared in accordance with circular 18 of National Treasury, to account for the Municipality's share of net assets and post-acquisition results of these investments.

The carrying amounts of such investments are reduced to recognize any decline, other than a temporary decline, in the value of individual investments.

**8. INVENTORIES**

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility.

**9. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified as irrecoverable. Amounts that are receivable within 12 months from the reporting date are classified as current.

**10. TRADE AND OTHER PAYABLES**

Trade and other payables are stated at their nominal value.

**11. REVENUE RECOGNITION**

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Revenue excluding value-added taxation where applicable is derived from a variety of sources which include Rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Municipality and these benefits can be measured reliably.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

- 11.1 Revenue from rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid rates is recognized on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

- 11.2 Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.

- 11.3 Service charges relating to Electricity and Water are based on consumption. Meters are read on a periodic basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

- 11.4 Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the Courts. Due to the various legal processes that can apply to summonses and the inadequate information received from the Courts, it is not possible to measure this revenue when the summons is issued.

- 11.5 Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is recognised when received.

- 11.6 Income in respect of housing rental and installment sale agreements is accrued monthly in terms of the agreement.

- 11.7 Government grants and public contributions are recognised as revenue when all conditions associated with the grant have been met.

- 11.8 Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund or the Insurance Reserve.

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Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on Trust Funds is allocated directly to the fund and is not recognised in the Statement of Financial Performance.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilized conditional grants, if the grant conditions indicate that interest is payable to the funder.

11.9 Dividends are recognized when the municipality's right to receive payment is established.

11.10 Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income is recognized in terms of the agency agreement.

11.11 Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Municipality.

11.12 Income from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognized when the recovery thereof from the responsible councillors or officials is probable.

11.13 Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **12. CONDITIONAL GRANTS & RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **12.1 Unutilised Conditional Grants**

Unutilized conditional grants are reflected on the Statement of Financial Position as a creditor. They represent unspent government grants, subsidies and contributions from the public. This

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creditor always has to be backed by cash. The following provisions are set for the creation and utilization of this creditor:

- The cash, which backs up the creditor, is invested until it is utilized.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognized as interest earned in the Statement of Financial Position.
- Whenever an asset is purchased out of an unutilised conditional grant, an amount equal to the cost price of the asset is transferred from Unutilised Capital Receipts to the Statement of Financial Performance as revenue. Thereafter an equal amount is transferred on the Statement of Changes in Net Assets to the Donations and Public Contributions Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of Unutilised Capital Receipts. The reserve is used to offset depreciation charged on assets purchased out of Unutilised Capital Receipts.

### **13. PROVISIONS**

A provision is recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at year-end and adjusted accordingly.

### **14. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

### **15. EMPLOYEES BENEFITS**

#### **15.1 Retirement Funds**

The Municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred.

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Staff Provident Funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various Pension/Retirement Funds. The Municipality contributes monthly to the Funds.

## **15.2 Medical Aid: Continued Members**

The Municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the Municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Municipality for the remaining 70%. Under an accrued rights position agreed to by Council, the age of internally appointed staff under the Municipality's new conditions of service determines, on a sliding scale basis, the post-retirement subsidy for medical aid. External appointments do not qualify for post retirement medical aid subsidy.

These contributions are charged to the operating account when paid. In addition the Municipality will contribute annually for the next five years, with effect from 1 July 2003, towards funding the unrecognized transitional liability which was calculated on the projected unit credit actuarial valuation method (AC116).

## **15.3 Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave days at year-end.

## **16. LEASES**

### **16.1 The Municipality as Lessee**

16.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

16.1.2 Operating leases are those leases, which do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

### **16.2 The Municipality as Lessor**

Rental income from operating leases is recognised in terms of the agreement.

## **17. BORROWINGS**

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Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable are accounted for on an accrual basis.

#### **18. CASH FLOW HEDGE ACCOUNTING**

The effective portions of changes in the fair value of interest rate swap derivatives are recognised in net assets (equity).

#### **19. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the payment basis.

#### **20. GRANTS-IN-AID**

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

#### **21. INTANGIBLE ASSETS**

An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. Intangible assets are treated in accordance with the provisions of IAS 38, "*Intangible Assets*". Intangible assets are initially recorded at their cost price and are subsequently amortized over their expected useful lives. The intangible asset under the control of the Municipality is amortized according to the straight line method.

#### **22. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **23. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular



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expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**24. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**25. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at balance sheet date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or as expenses in the period in which they arise.

**26. COMPARATIVE INFORMATION**

**26.1 Current Year Comparatives**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

**26.2 Prior year comparatives**

When the presentation or classification of items in the annual financial statements are amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

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**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007 Re-stated
<b>NET ASSETS AND LIABILITIES</b>		<b>R</b>	<b>R</b>
<b>Capital and reserves</b>		<b>(72,977,051)</b>	<b>(48,550,271)</b>
Capital replacement reserve		76,668,477	65,198,437
Government grant reserve		(8,035,009)	(11,462,847)
Accumulated Surplus/(Deficit)		(141,610,518)	(102,285,860)
<b>Non-current liabilities</b>		<b>372,716,074</b>	<b>358,023,491</b>
Long-term liabilities	1	370,125,224	354,782,640
Finance lease liability	2	2,590,851	3,240,851
<b>Current liabilities</b>		<b>137,675,727</b>	<b>117,068,824</b>
Short term liabilities	3	24,746,766	19,416,711
Creditors	4	51,912,336	64,183,467
Bank overdraft	5	54,010,946	26,794,982
Consumer deposits	6	7,005,679	6,673,664
<b>Total Net Assets and Liabilities</b>		<b>437,414,752</b>	<b>426,542,045</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>217,240,303</b>	<b>226,699,078</b>
Property, Plant and Equipment	7	170,016,091	145,666,134
Long term Investments	8	40,426,151	72,367,411
Long-term receivables	9	6,798,061	8,665,533
<b>Current assets</b>		<b>220,174,449</b>	<b>199,842,967</b>
Inventory	10	4,192,188	5,456,874
Consumer debtors	11	191,529,401	173,839,707
Other debtors	12	8,288,978	9,188,507
Vat receivable	13	9,570,156	4,938,754
Short-term receivables	14	3,165,126	4,329,623
Call investment deposits	15	1,358,630	2,089,501
Cash and Cash Equivalent	28	2,069,969	871,392
<b>Total Assets</b>		<b>437,414,752</b>	<b>426,542,045</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007
		R	Restated R
<b>REVENUE</b>			
Property rates	17	89,969,620	83,848,925
Service charges	18	243,201,817	265,074,587
Rental of facilities and equipment	20	924,700	877,285
Interest earned - external investments	20	6,750,571	17,328,483
Interest earned on Debtors	20	11,657,180	12,801,597
Dividends	20	59,201	51,643
Fines	20	1,607,472	477,615
Licences and permits	20	1,275,284	1,239,113
Government Grants	19	164,533,963	296,462,480
Agency commission income	20	5,703,415	2,529,119
Other income	20	33,964,102	6,997,891
<b>Total Revenue</b>		<b>559,647,325</b>	<b>687,688,739</b>
<b>EXPENDITURE</b>			
Employee related costs	21	145,428,151	137,049,934
Remuneration of councillors	22	13,645,774	9,905,582
Leave provision	4	7,406,505	5,745,316
Collection costs		-	-
Provision for bad debts		24,333,257	60,167,524
Repairs and maintenance		31,431,686	22,485,363
Interest paid	23	45,756,299	46,972,196
Bulk purchases	24	118,826,031	106,668,799
Contracted services	25.1	60,445,473	32,104,918
General expenses	25	171,796,433	127,579,589
Housing Costs	25	44,862,122	139,385,527
Less Expenses recovered		(64,838,831)	(68,592,987)
<b>Total Expenditure</b>		<b>599,002,899</b>	<b>619,471,760</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(39,355,574)</b>	<b>68,216,978</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007 Restated
		R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		541,284,637	487,106,291
Cash paid to suppliers and employees		(500,994,825)	(461,365,550)
Cash generated by operations	27	40,289,812	25,740,741
Interest received		18,362,688	30,130,080
Interest paid		(45,756,299)	(46,972,196)
Dividends received		59,201	51,643
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>12,955,402</b>	<b>8,950,268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(24,349,957)	(10,459,877)
Increase in investment properties			
(Increase)/decrease in non-current receivables		1,867,472	2,858,269
Increase in non-current investments		31,941,260	16,087,304
(Increase)/decrease in working capital		(23,059,051)	(98,229,302)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(13,600,276)</b>	<b>(89,743,606)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(26,078,502)	26,295,457
Increase/(decrease) in consumer deposits		332,015	(718,665)
Increase/(decrease) in lease liability		(650,000)	4,046,329
Increase/(decrease) in short-term loans		1,164,497	8,233,948
(Increase)/decrease in investment			(8,173,862)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(25,231,990)</b>	<b>29,683,207</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(25,876,865)</b>	<b>(51,110,131)</b>
Cash and cash equivalents at the beginning of the year		(24,705,482)	26,404,649
Cash and cash equivalents at the end of the year		(50,582,347)	(24,705,482)
		25,876,865	51,110,131

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2008**

	<u>donations/public contribution</u>	<u>Capital</u>	<u>Self</u>	<u>Government</u>	<u>Revaluation</u>		<u>Bursary</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Contributions</u>	<u>Replacement</u>	<u>Insurance</u>		<u>Reserve</u>	<u>Other</u>	<u>Reserve</u>	<u>Surplus/</u>	
	-	<u>Reserve</u>	<u>Reserve</u>	<u>Grants</u>		<u>Reserves</u>	-	<u>(Deficit)</u>	R
	R	R	R	R	R		R	R	R
Balance as at 1 July 2007 <sup>8</sup>		-65,198,437		11,462,847		-		102,285,860	48,550,270
Capital receipts		-11,470,040		-118,395,664		-	-		0
Receipts conditional grants						-	-		0
Used to reduce the value of assets						-	-		0
Expenses						-	-		0
Income						-	-		0
Other movement						-	-	-30,918	-30,918
Surplus/deficit for the year						-	-	39,355,575	39,355,575
Balance at 30 June 2008		<b>-76,668,477</b>		<b>-106,932,817</b>		-	-	<b>141,610,517</b>	<b>-41,990,776</b>

# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	Re-Styled R
<b>1 LONG-TERM LIABILITIES</b>		
Development Bank of SA	24,303,547	27,318,603
City Nominees (Stock)	16,000,000	16,000,000
Long-Term Loans (PIC)	329,821,677	311,464,037
Sub-total	<b>370,125,224</b>	<b>354,782,640</b>
<b>2 FINANCE LEASE LIABILITY</b>		
Lease liability	3,240,851	4,046,329
Short term portion	(650,000)	(805,478)
Sub-total	<b>2,590,851</b>	<b>3,240,851</b>
<b>3 SHORT – TERM LIABILITIES</b>		
Development bank of SA	4,096,766	3,611,233
PIC	20,000,000	15,000,000
Short-term portion of lease liability	650,000	805,478
<b>Total External Loans</b>	<b>24,746,766</b>	<b>19,416,711</b>
Refer to Appendix A for more detail on long-term liabilities		
<b>4 CREDITORS</b>		
Trade creditors	2,226,467	38,586,284
Payments received in advance	9,833,196	13,305,318
Retentions	20,637,853	6,546,549
Other creditors	4,323,861	0
Leave pay provision	14,890,959	5,745,316
<b>Total Creditors</b>	<b>51,912,336</b>	<b>64,183,467</b>
<b>5 BANK OVERDRAFT</b>		
Cashbook Balance	54,010,945	26,794,982
<b>Total</b>	<b>54,010,945</b>	<b>26,794,982</b>
<b>6 CONSUMER DEPOSITS</b>		
Electricity and Water	7,005,679	6,673,664
<b>Total Consumer Deposits</b>	<b>7,005,679</b>	<b>6,673,664</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>900,677</b>	<b>903,590</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**7 PROPERTY, PLANT AND EQUIPMENT**

Fixed assets at the beginning of the year	933,495,038	808,018,513
Capital expenditure and transfer during the year	3,025,020	2,510,852
Finance lease assets	0	6,177,280
Assets not yet capitalised	136,292,765	116,788,392
Sub total	1,072,812,822	933,495,038
Less: Assets written off, transferred or disposed off during the year	0	0
<b>Total property, plant and equipment</b>	<b>1,072,812,822</b>	<b>933,495,038</b>
Less: Loans Redeemed and other Capital Receipts	(902,796,731)	(787,828,904)
<b>Net property, plant and equipment</b>	<b>170,016,091</b>	<b>145,666,134</b>

**8 LONG-TERM INVESTMENTS**

**Listed**

Sanlam Stock	25,647	34,933,852
Old Mutual Stock	834,040	1,334,000
Fixed Deposits	10,800,734	9,471,542
Policies	13,579,958	12,623,009
Gilts	8,889,989	8,205,500
Old mutual units trust	6,295,783	5,799,508
<b>Total Long-term investments</b>	<b>40,426,151</b>	<b>72,367,411</b>
Market value of listed investments and other long-term investments.	7,155,470	42,067,360
Listed investments		
Other long-term investments	33,270,681	30,300,051
<b>Total Long-term investments</b>	<b>40,426,151</b>	<b>72,367,411</b>

***Average rate of return***

***Market valuation of listed investments***

Council adopted a prudent Investment Policy on the investment of surplus funds. Investment amounting to R40,426,151 has been pledged as security for external loan totaling R373, 393, 873.

**9 LONG-TERM RECEIVABLES**

Capital in debit	6,179,237	8,140,266
Capital in debit	3,783,950	4,854,890
	<b>9,963,187</b>	<b>12,995,156</b>
<b>Less Short-term portion</b>		
Old balance (80)	(2,059,746)	(2,780,601)
Loans (50)	(1,105,380)	(1,549,022)
<b>Total short-term</b>	<b>(3,165,126)</b>	<b>(4,329,623)</b>
<b>Non-current portion</b>	<b>6,798,061</b>	<b>8,665,533</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**10 INVENTORY**

Consumable stock	4,192,188	5,456,874
<b>Total</b>	<b>4,192,188</b>	<b>5,456,874</b>

**11 CONSUMER DEBTORS**

Consumer debtors	437,069,372	395,046,421
Rates	98,723,686	80,818,671
Electricity	37,144,088	38,015,505
Water	213,953,635	206,210,730
Sewer	33,224,930	37,640,603
Refuse	28,801,994	21,878,074
Other	25,221,040	10,482,839
Less: Provision for bad debt	(245,539,971)	(221,206,714)
<b>Net balance</b>	<b>191,529,401</b>	<b>173,839,707</b>

**11.1 Summary of debtors by Service Classification**

**11.1.1 Property Rates**

Current (0-30 days)	7,840,121	7,021,220
31-60 days	6,514,632	5,499,408
61-90 days	5,175,982	4,577,178
Over 90 days	79,192,953	63,281,855
<b>Total</b>	<b>98,723,687</b>	<b>80,379,661</b>

**11.1.2 Water**

Current (0-30 days)	3,227,244	22,813,607
31-60 days	2,806,034	13,660,413
61-90 days	1,520,789	7,060,617
Over 90 days	206,399,567	162,676,093
<b>Total</b>	<b>213,953,635</b>	<b>206,210,730</b>

**11.1.3 Electricity**

Current (0-30 days)	9,478,771	
31-60 days	6,218,152	
61-90 days	2,297,437	
Over 90 days	19,149,729	
<b>Total</b>	<b>37,144,088</b>	

**11.1.4 Sewer**

Current (0-30 days)	1,756,620	
31-60 days	1,486,637	
61-90 days	1,108,648	
Over 90 days	28,873,025	
<b>Total</b>	<b>33,224,930</b>	



# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### 11.1.5 Refuse

Current (0-30 days)	4,900,391	
31-60 days	2,799,205	
61-90 days	2,508,425	
Over 90 days	18,593,973	
<b>Total</b>	<b>28,801,994</b>	

### 11.1.6 Other

Current (0-30 days)	1,713,132	
31-60 days	1,696,839	
61-90 days	1,160,814	
Over 90 days	20,650,255	
<b>Total</b>	<b>25,221,040</b>	

The previous year balance of debtors for service charges and other charges except rates were consolidated.

## 11.2 Summary of debtors by Customer Classification

### 11.2.1 Household

Current (0-30 days)	13,675,966	9,981,082
31-60 days	9,885,986	6,412,078
61-90 days	7,536,017	5,132,893
Over 90 days	295,836,019	270,859,768
<b>Total</b>	<b>326,933,988</b>	<b>292,385,821</b>

### 11.2.2 Industrial/Commercial

Current (0-30 days)	14,505,636	19,207,900
31-60 days	10,733,000	12,347,149
61-90 days	5,517,189	6,169,727
Over 90 days	68,648,581	48,732,319
<b>Total</b>	<b>99,404,405</b>	<b>86,457,094</b>

### 11.2.3 National and Provincial government

Current (0-30 days)	764,454	639,123
31-60 days	902,453	397,722
61-90 days	718,849	333,080
Over 90 days	13,657,878	14,800,553
<b>Total</b>	<b>16,043,633</b>	<b>16,170,478</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

<b>11.2.4 Other</b>		
Current (0-30 days)	13,037	6,721
31-60 days	10,683	2,874
61-90 days	18,774	2,095
Over 90 days	65,546	21,338
<b>Total</b>	<b>108,041</b>	<b>33,028</b>
<b>12 OTHER DEBTORS</b>		
Sundry debtors	8,288,978	3,651,823
Other Debtors	0	5,536,684
<b>Total</b>	<b>8,288,978</b>	<b>9,188,507</b>
<b>13 VAT Account</b>		
VAT receivable	9,570,156	4,938,754
<b>Total</b>	<b>9,570,156</b>	<b>4,938,754</b>
<b>14 SHORT-TERM RECEIVABLES</b>		
Old balance (80)	2,059,746	2,780,601
Loans (50)	1,105,380	1,549,022
<b>Total short-term</b>	<b>3,165,126</b>	<b>4,329,623</b>
<b>15 CALL INVESTMENT DEPOSITS</b>		
<b><u>Financial Instruments</u></b>		
P.I.C	1,358,630	1,218,109
<b>Total Cash Investments</b>	<b>1,358,630</b>	<b>1,218,109</b>
Banks	2,069,969	871,392
<b>16 BANK BALANCES AND CASH</b>		
ABSA – Brits – Account Number 640000376 (Main Account)	(57,330,206)	(27,312,687)
ABSA – Brits – Housing Number 4052683765(Housing funds: Houses Account)	13,805	17,404
ABSA – Brits – Account Number 4052379233(Vehicles Licensing fees account)	2,784,125	176,799
ABSA – Brits – Account Number 640179503(Housing Funds: Infrastructure A/C)	0	0
ABSA – Brits – Account Number 4055073462(Disaster Account)	28,134	21,406
ABSA – Brits – Account Number 4054697853(Klipgat Account)	303	60,571
ABSA – Brits – Account Number 4055308239(DWAF Account)	475,417	229,078
Petty Cash	17,477	12,447
<b>Total</b>	<b>(54,010,945)</b>	<b>(26,794,982)</b>

# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### BANK STATEMENT BALANCES AT YEAR END

ABSA – Brits – Account Number 640179503	0	0
ABSA – Brits – Account Number 6-4000-0376	8,889,677	16,908,764
ABSA – Brits – Account Number 4055073462	13,805	21,550
ABSA – Brits – Account Number 4052683765	2,783,849	582,312
ABSA – Brits – Account Number 4054697853	28,134	60,091
ABSA – Brits – Account Number 4055308239	303	236,516
ABSA – Brits – Account Number 4052379233	475,417	0
<b>Total</b>	<b>12,191,185</b>	<b>17,809,233</b>

### 17 PROPERTY RATES

Category and actual income per category cannot be obtained by means of a report.

<b>89,969,620</b>	<b>83,848,925</b>
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The last general valuation for the former Brits TLC came into effect on 1 July 2000. The basic rate for 2005/2006 was 24.02c per rand on land only. The last general valuation for the former Hartebeespoort TLC came into effect on 1 July 2001 and the basic rate for 2005/2006 was 4,896c per rand on land only. The last general valuation for the former Mooi-nooi is unknown. The basic rate for 2005/2006 was 8,316c per rand on land only.

<b>1,959,947,541</b>	<b>1,959,947,541</b>
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### 18 SERVICES CHARGES

Sale of water	50,608,051	84,467,297
Sale of electricity	148,336,816	138,232,977
Sewerage	23,812,323	23,631,072
Solid Waste	20,444,628	18,743,241
<b>Total</b>	<b>243,201,817</b>	<b>265,074,587</b>

### 19 Government Grants

Equitable share	103,200,157	88,001,296
Housing Fund	40,086,818	194,482,917
Other Grants	21,246,988	13,978,267
Provincial health subsidies	0	0
<b>Total</b>	<b>164,533,963</b>	<b>296,462,480</b>

### 20 OTHER INCOME

Agency Commission	5,703,415	2,529,119
Interest Earned on investment	6,750,571	17,328,483
Rental Income	924,700	877,285
Dividend	59,201	51,643
Traffic Fines	1,607,472	477,615
Interest on Debtors	11,657,180	12,801,597
Lisence and Permits	1,275,284	1,239,113
Sundry Income	33,964,102	6,997,891

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

<b>Total</b>	<b>61,941,925</b>	<b>42,302,747</b>
<b>21 EMPLOYEE RELATED COSTS</b>		
Employee related costs: Salaries and Wages	81,438,379	64,721,127
Employee related costs: Contribution for UIF, pension and medical aid	28,017,485	34,536,659
Travel, motor car, accommodation, subsistence and other allowance	9,416,250	12,597,476
Housing benefits and allowances	11,844,877	13,391,944
Overtime payments	14,711,160	11,802,728
Performance bonus	0	0
Less employee cost included in other expenses	0	0
<b>Total</b>	<b>145,428,151</b>	<b>137,049,934</b>
<b>21 Municipal Manager</b>		
Annual Remuneration	563,214	528,427
Car allowance	139,224	122,633
Contributions: Pension, Medical Aid, UIF and Provident Funds	104,655	67,157
<b>Totals</b>	<b>807,093</b>	<b>718,217</b>
<b>21 Chief Financial Officer</b>		
Annual Remuneration	504,053	282,092
Car allowance	149,460	95,554
Contributions: Pension, Medical Aid, UIF and Provident Funds	92,449	49,160
<b>Totals</b>	<b>745,962</b>	<b>426,806</b>
<b>21 Director Corporate Support</b>		
Annual remuneration	255,632	1,936,559
Car allowance	57,080	752,196
Contributions: Pension, Medical Aid, UIF and Provident Funds	29,103	401,664
<b>Total</b>	<b>341,815</b>	<b>3,090,419</b>
<b>21 Director Infrastructure &amp; Technical</b>		
Annual remuneration	108,298	1,936,559
Car allowance	71,100	752,196
Contributions: Pension, Medical Aid, UIF and Provident Funds	32,950	401,664
<b>Total</b>	<b>212,348</b>	<b>3,090,419</b>
<b>21 Director Planning &amp; Development</b>		
Annual remuneration	409,012	1,936,559
Car allowance	85,376	752,196
Contributions: Pension, Medical Aid, UIF and Provident Funds	60,457	401,664

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

<b>Total</b>		<b>554,845</b>	<b>3,090,419</b>
<b>21</b>	<b>Director Community Services</b>		
	Annual remuneration	160,557	1,936,559
	Car allowance	12,655	752,196
	Contributions: Pension, Medical Aid, UIF and Provident Funds	7,236	401,664
	<b>Total</b>	<b>180,448</b>	<b>3,090,419</b>
<b>22</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Mayor's allowance	306,690	295,748
	Speakers' allowance	243,403	233,014
	Single Whip	224,128	
	Councillors' allowance	5,331,499	3,203,431
	Mayoral committee allowances	1,522,809	1,862,222
	Councillors' pension contribution	985,873	701,206
	Councillors' medical aid contribution	596,562	427,744
	Councillors' use of personal facilities allowances	0	0
	Councillors' cell phone allowances	624,973	591,750
	Councillors' travelling allowances	3,809,835	2,590,467
	Councillors' housing allowances	0	0
	<b>Total</b>	<b>13,645,774</b>	<b>9,905,582</b>
<b>23</b>	<b>INTEREST PAID</b>		
	Interest paid	<b>45,756,299</b>	<b>46,972,196.27</b>
<b>24</b>	<b>BULK PURCHASES</b>		
	Electricity	85,721,430	78,324,957
	Water	33,104,601	28,343,842
		<b>118,826,031</b>	<b>106,668,799</b>
<b>25</b>	<b>GENERAL EXPENSES</b>		
	Other expenses comprises mainly of the following:		
	Printing and stationery	1,445,854	4,069,662
	Rental of machinery and equipment	11,773,363	9,629,466
	Office rental	0	4,364,864
	Medical aid member contribution	1,475,069	1,314,124
	Audit fees	1,634,763	1,894,718
	Software licences fees	1,994,795	2,992,441
	Legal and professional fees	2,581,560	8,721,884
	Internal charge: Human resources	3,146,632	3,017,573

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

Internal charge: Stores	1,390,530	1,273,895
Council expenses	15,447,055	17,356,794
Corporate administration & Finance	34,179,323	33,292,913
Internal charge: Security	5,521,189	4,133,014
Internal charge: Municipal Manager	2,893,425	2,925,238
Loan redemption	0	-
Assistance to indigents	11,469,493	-
Telephone and calls	4,765,465	16,818,591
Insurance	1,726,548	1,734,880
Transport: Fuel and oil	3,835,931	2,090,140
Housing Costs	44,862,122	139,385,527
Other	66,515,437	11,949,391
<b>Total</b>	<b>216,658,554</b>	<b>266,965,116</b>

**25.1 CONTRACTED SERVICES**

Service providers: rural areas;	15,766,457	15,885,231
Contractors: services rendered;	34,012,456	9,234,588
Contractors: disconnect service;	283,301	565,104
Contractors: meter readings;	1,188,252	178,243
Security project cameras	3,053,694	2,332,672
Security services	4,196,353	3,909,080
Needy People Burial	161,038	
Forensic Audit	839,289	
Commission Fees	944,634	-
	<b>60,445,473</b>	<b>32,104,918</b>

**26 APPROPRIATIONS FOR THE YEAR**

Difference between interest capitalised on investments vs. loans	0
Decrease in nursery stock	0
Correction of Errors	0
<b>Total</b>	

**27 CASH GENERATED BY OPERATIONS**

Surplus for the year	(39,355,574)	68,216,978
Adjustment for:-		
Depreciation		
Prior year adjustment		

# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

Gain on disposal of property, plant and equipment		
Contribution to provisions - non-current	7,406,505	(5,745,590)
Contribution to provisions – current		
Contribution to bad debt provision		
Equity accounted share of associate's surplus		
Dividends received	59,201	51,643
Investment income	(18,362,688)	(30,130,080)
Interest paid	45,756,299	46,972,196
<b>Operating surplus before working capital changes:</b>		
Decrease in inventories	(1,282,950)	(1,957,355)
(Increase)/decrease in debtors	(17,689,694)	48,406,755
(Increase)/decrease in other debtors	899,529	(10,797,144)
Assets ex grants- (Grants outstanding at year end transferred to debtors		
Non operating expenditure charged against:		
(Decrease)/increase in conditional grants and receipts	17,540,918	(11,462,647)
Increase in creditors	(12,271,130)	7,323,980
Decrease in provisions	24,333,257	(60,167,524)
Increase in VAT receivable	(4,631,402)	(11,171,905)
Other income	35,321,641	(13,798,566)
<b>Cash generated by/(utilised in) operations</b>	<b>40,289,812</b>	<b>25,740,741</b>

### 28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	1,339,099	
Bank overdraft	(27,215,964)	(51,110,131)
<b>Total cash and cash equivalents</b>	<b>(25,876,865)</b>	<b>(51,110,131)</b>

### 29 RELATED PARTIES

Madibeng local municipality is controlled by the Department of Local Government, which has the national government as its ultimate controlling institution.

Madibeng local municipality has received the grants and subsidies from national and provincial government as detailed in note 19.

The remuneration paid to section 57 managers, Municipal Manager, Chief Financial Officer and the Councilors is detailed in note 21.

The year-end councilors' arrear accounts are disclosed in detail in note 32.

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

No.	Name	Transaction Relationship	Outstanding amounts	
			2007/08	2006/07
1	Telkom	Render telephone services to municipality.	0	0
2	Eskom	Eskom is a significant supplier for the municipality's electricity.	0	0
3	Tshwane municipality	During the period, the municipality has also procured electricity from the Tshwane municipality.	0	0
4	Department of Water Affairs and Forestry	The Department is the sole supplier of water to the municipality. Furthermore, the municipality has also received infrastructure grants from the Department.	0	0
5	Public works	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality	5,791,431	598,933
6	Agriculture	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality	47,992	72,656
7	Health and welfare	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	252,574	163,650
8	Social Services	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	8,154	1,331
9	Tourism	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	8,263	7,755
10	SAPS	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	186,817	6,324,301
11	Housing	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	0	76,240
12	Roads and transport	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	0	6,150
13	Director general	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	426,179	0
14	DPLG	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	82,340	0
15	Madibeng	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	1,965	0
16	MWPG	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	5,291	0
17	Premiers Office	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	36,221	0
18	Spoornet	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	39,029	0
19	Education	Services are rendered to the related party (water, rates, electricity, etc.) for offices of the entity located in the municipality.	8,903,509	8,781,729



# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### 30 RETIREMENT BENEFITS

Councillors are members of the Municipal Councillors Pension Fund and are personal members of one of the following employees funds: (i) Joint Municipal Pension Fund, (ii) Municipal Workers Pension Fund, or (iii) Municipal Gratuity Fund. The last actuarial valuation of the pension funds was done on 30 June 2004. No serious deficiency was disclosed by this valuation.

### 31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 31 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
To be recovered – contingent asset (See note 34)	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0

#### 31 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
To be recovered – contingent asset (See note 34)	0	0
Irregular expenditure awaiting condonement	0	0

### 32 COUNCILLORS' ARREARS CONSUMER ACCOUNTS

The following councillors owe the municipality and have made an arrangements to repay the amounts owing

<b>Councillor</b>	0	3,110
Councillor D Lion	0	2,310
Councillor SM Magakwe	0	20,914
Councillor WS Molefe	0	26,334

All these amounts are owing for greater than 90 days

### 33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### 33 Audit fees

Opening balance		0
Current year audit fee	1,634,763	2,150,906
Amount paid - current year	(1,634,763)	(2,150,906)
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	0	0

# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### 33 PAYE and UIF

Opening balance		0
Current year payroll deductions	18,016,897	15,233,911
Amount paid - current year	(18,016,897)	(15,233,911)
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

### 33 PENSION AND MEDICAL AID DEDUCTIONS

Opening balance		0
Current year payroll deductions and council contributions	36,733,092	35,577,914
Amount paid – current year	(36,733,02)	(35,577,94)
Amount paid – previous years	0	0
<b>Balance unpaid (Included in creditors)</b>	<b>0</b>	<b>0</b>

### 34 CONTINGENT LIABILITY

<b>34 Claim for damages</b>	<b>99,531,262</b>	<b>25,261,785</b>
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- 34.1.1** Paphiri Busines Enterprise CC is suing the council for R2, 114,992 for underpayment in terms of refuse removal contract.
- 34.1.2** The Municipality is sued for an amount of R26, 478.96 for legal costs which was payable to Standard bank as result of court order granted on the matter between Madibeng and Oracleprops.
- 34.1.3** The Municipality has taken a decision to evict the S.Shaw African Water Safaris (Pty) Ltd and Federal Mercantile Corporation from Oberon resort as there was no active lease agreement between them and the Municipality. African Water Safaris is claiming R4, 200,000 for refurbishment done on the resort.
- 34.1.4** An arbitration was given for the Municipality to pay Mr Ntlatleng 20% of his annual salary as performance bonus for 2004/05 financial year, thirteen cheque for 2005/06 and 2006/07 financial years in which performance evaluation was not done. Should the review application fail, the Municipality will have to pay Mr Ntlatleng an amount of R 135 123.81 for 2004/05, R52 737.00 for 2005/06, R55 902 for 2006/06 financial years respectively.
- 34.1.5** Lebedi Engineering issued summonses against the Municipality for rental of equipments and judgement was given against the municipality. Should the appeal court give judgement against the Municipality, payment in the amount of R355 496.56 will have to be made to Lebedi Engineering.
- 34.1.6** OPD Construction submitted a final certificate for payment for services rendered at Modderspruit Multi-purpose centre and a dispute ensued between them and the Consulting Engineer appointed by the Municipality. Should the Contractor succeed with the action the Municipality will have to pay an amount of R873 325.58 but if the Municipality succeed in its defence, payment in the amount of R396 836.16 plus interest at 15.5% tempore morae will have to be made to the Contractor.
- 34.1.7** FSG alleges that the Municipality failed to make payment for the waste management service they have rendered at Mothlung area. Should FSG succeed in its claim the Municipality will have to pay an estimated amount of R6 320 370.12
- 34.1.8** Summons for an amount of R85 000 000 for damages was issued against Artio Investment and the Municipality by Lurco Trading.

### 35 CONTINGENT ASSETS

# Madibeng Local Municipality

## Annual Financial Statements for the year ended 30 June 2008

### 35.1 Claim for damages

**7,297,736**

The municipality has been ordered by the high court to provide outstanding infrastructure to Kosmos Ridge Extension 63 which the developer failed to provide. An application for default judgement was accordingly made against the developer. Should the Municipality's claim be successful, the Municipality will get an estimated amount of R759 473.12 plus 15.5% at tempore and R6 538 262.75 from Cosmos Ridge (Pty) Ltd.

### 36 EXPLANATION OF PRIOR PERIOD ADJUSTMENTS

The prior period errors correction was done as result of omissions from, and misstatements in the financial statements arising from a failure to have reliable information when such statements were compiled. When the 2006/07 financial statements were compiled, the general ledger information in the financial system (Sebata) was not calculated and balanced thereby ensuring that transactions in the posting vote number were updated into the totaling vote numbers as well as the financial statements control accounts resulting in trial balance which was not balancing.

In simple terms the 2006/07 financial year was not closed in the financial system (Sebata) because the system provider was not willing to assist in view of the fact that the municipality was migrating to the new financial system.

Therefore a service from an expert in the Sebata financial system was acquired to assist in the calculation, balancing and closing off the financial year in the system. The changes in accounting estimates and errors have been corrected retrospectively in accordance with GRAP Accounting Statements, by restating the comparative amounts for the prior period resulting in changes in the following figures as published in the 2006/07 financial statements:

Elements of Financial Statements	Previously Reported	Error Net Correction	Re-Stated Balance	The nature and reason for the reclassification
Housing fund	(48,164,290)	48,164,290	-	Transactions balanced in term of new housing scheme under the statement of financial performance
Capital replacement reserve	-	65,198,437	65,198,437	Capital Development fund, Land Trust Fund and Loans Repayment to statutory funds consolidated
Government grant reserve	16,123,841	(27,586,688)	(11,462,847)	Transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve
Accumulated Surplus/(Deficit)	(58,082,882)	(44,202,978)	(102,285,860)	All income and expenditure (including May & June recorded in Venus system) as well as housing transactions balanced under the statement of financial performance
Long-term liabilities	354,556,697	225,943	354,782,640	All DBSA loans transactions including capitalised interest properly balanced in the financial system
Finance lease liability	4,224,839	(983,988)	3,240,851	Lease register updated and properly balanced in the financial system
Short term liabilities	21,437,222	(2,020,511)	19,416,711	Short-term liabilities including lease amount updated and properly balanced in the financial system
Creditors	335,351,862	(271,168,395)	64,183,467	Cashbook in the financial system updated and balanced with cash suspense transactions
Bank overdraft	36,144,337	(9,349,355)	26,794,982	Cashbook in the financial system updated and balanced with cash suspense transactions
Consumer deposits	7,795,615	(1,121,951)	6,673,664	Financial system's deposits register updated and balanced with transactions such new debits and refunds

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

Property, Plant and Equipment	171,996,814	(26,330,680)	145,666,134	Assets value updated and balanced with transactions such as all new purchases, lease assets per register and loans redeemed and capital receipts
Long term Investments	70,160,665	2,206,746	72,367,411	Long-term investments register in the financial system updated and balanced with capitalised interest and re-investments
Long-term receivables	9,503,390	(837,857)	8,665,533	Long-term receivables updated and balanced with transactions such as repayments
Inventory	1,989,490	3,467,384	5,456,874	Inventory control in the financial system updated and balanced with all transactions from all the stores and depots
Consumer debtors	96,224,491	77,615,216	173,839,707	Debtors balance including water debtors maintained by an agent (SandSpruit) updated and balance in the system
Other debtors	306,139,544	(296,951,037)	9,188,507	Cashbook in the financial system updated and balanced with cash suspense transactions
Vat receivable	2,768,729	2,170,025	4,938,754	VAT control in Sebata financial system updated and balanced with transactions such as output from receipts and inputs from payments (including May and June recorded in Venus)
Call investment deposits	4,301,666	(2,212,165)	2,089,501	Long-term investments register in the financial system updated and balanced with capitalised interest and withdrawals
Bank balances and cash	1,972,632	(1,972,632)	-	Cashbook in the financial system updated and balanced with cash suspense transactions

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**APPENDIX A**

**LOCAL MUNICIPALITY OF MADIBENG: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 6/30/2007</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 3/31/2008</b>
<b>LONG-TERM LOANS</b>			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Stock Loan @ 12.00% (INCA)	32	2011	16,000,000			16,000,000
Development bank of South Africa			30,929,835	1,150,321	3,679,843	28,400,313
Venture Capital (PIC)			326,464,037	23,357,640		349,821,677
<b>Total long-term loans</b>			<b>373,393,872</b>	<b>24,507,961</b>	<b>3,679,843</b>	<b>394,221,990</b>
<b>ANNUITY LOAN</b>						
<b>GOVERNMENT LOANS</b>						
<b>Total Government Loans</b>						
<b>LEASE LIABILITY</b>						
<b>TOTAL EXTERNAL LOANS</b>			<b>373,393,872</b>	<b>24,507,961</b>	<b>3,679,843</b>	<b>394,221,990</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**APPENDIX B**

**LOCAL MUNICIPALITY OF MADIBENG: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Buildings	3,588,273	6,101,315			9,689,588	3,028,345	5,019,666		8,048,012	1,641,576
	<b>3,588,273</b>	<b>6,101,315</b>	-	-	<b>9,689,588</b>	<b>3,028,345</b>	<b>5,019,666</b>	-	<b>8,048,012</b>	<b>1,641,576</b>
<b>Infrastructure</b>										
Roads	146,777,265	26,378,006			173,155,271	123,873,580	21,701,681		145,575,261	27,580,011
Sewerage Mains & Purif	108,287,698	28,509,109			136,796,807	91,390,072	23,454,979		114,845,051	21,951,756
Electricity Mains	101,347,758	16,132,087			117,479,845	85,533,066	13,272,171		98,805,237	18,674,607
Reservoirs – Water		12,157,138			12,157,138		10,001,906		10,001,906	2,155,232
Water Mains	256,899,535	28,496,372			285,395,907	216,811,950	23,444,500		240,256,450	45,139,457
	<b>613,312,256</b>	<b>111,672,712</b>	-	-	<b>724,984,968</b>	<b>517,608,667</b>	<b>91,875,238</b>	-	<b>609,483,905</b>	<b>115,501,063</b>
<b>Community Assets</b>										
Parks & Gardens	27,803,046	939,980			28,743,026	23,464,552	773,339		24,237,892	4,505,134
Libraries	6,120,928	1,619,597			7,740,525	5,165,795	1,332,473		6,498,268	1,242,257
Recreation Grounds	19,236,822	7,167,495			26,404,317	16,235,035	5,896,833		22,131,868	4,272,450
Civic Buildings	56,291,427				56,291,427	47,507,498			47,507,498	8,783,929
Cementries	30,693,493	4,874,529			35,568,022	25,903,963	4,010,366		29,914,329	5,653,692
Other	10,756,590				10,756,590	9,078,091			9,078,091	1,678,499
	<b>150,902,306</b>	<b>14,601,601</b>	-	-	<b>165,503,907</b>	<b>127,354,933</b>	<b>12,013,012</b>	-	<b>139,367,945</b>	<b>26,135,962</b>
<b>Heritage Assets</b>										
Painting & Art Galleries										
<b>Total carried forward</b>	<b>767,802,835</b>	<b>132,375,628</b>	-	-	<b>900,178,463</b>	<b>647,991,946</b>	<b>108,907,916</b>	-	<b>756,899,862</b>	<b>143,278,602</b>

**Madibeng Local Municipality**  
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	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Total brought forward</b>	767,802,835	132,375,628	-	-	900,178,463	647,991,946	108,907,916	-	756,899,862	143,278,602
<b>Housing Rental Stock</b>										
Housing Rental										
<b>Leased Assets (Infrastructure)</b>										
Sewerage Mains & Purify										
<b>Other Assets</b>										
Landfill sites	3,534,788	835,945			4,370,733	2,983,206	687,748		3,670,954	699,779
Office Equipment	153,383	180,938			334,321	129,449	148,861		278,310	56,011
Furniture & Fittings	523,191	2,844,082			3,367,273	441,550	2,339,880		2,781,430	585,843
Motor vehicles	277,497				277,497	234,195			234,195	43,302
Fire	9,544,530				9,544,530	8,055,165			8,055,165	1,489,365
Refuse	11,084,034	907,062			11,991,096	9,354,439	746,256		10,100,695	1,890,400
Computer equipment					-				-	-
Councillors Regalia					-				-	-
Conservancy tankers					-				-	-
Fresh produce market		208,500			208,500		171,537		171,537	36,963
Other	140,574,780				140,574,780	118,638,954			118,638,954	21,935,826
	<b>165,692,203</b>	<b>4,976,526</b>	-	-	<b>170,668,729</b>	<b>139,836,958</b>	<b>4,094,281</b>	-	<b>143,931,240</b>	<b>26,737,490</b>
<b>Total</b>	<b>933,495,038</b>	<b>137,352,155</b>	-	-	<b>1,070,847,193</b>	<b>787,828,904</b>	<b>113,002,197.17</b>	-	<b>900,831,101</b>	<b>170,016,092</b>

**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**APPENDIX C**

**LOCAL MUNICIPALITY OF MADIBENG: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	1,869,511	251,833			2,121,344	1,577,785	207,187		1,784,973	336,371
Finance & Admin	9,886,000	280,431			10,166,431	8,343,351	230,716		8,574,067	1,592,364
Planning & Development	13,092,987	3,804,236			16,897,223	11,049,907	3,129,816		14,179,723	2,717,500
Health	3,659,815				3,659,815	3,088,723			3,088,723	571,092
Community & Social Services	47,051,152	6,632,217	-		53,683,369	39,709,110	5,456,450		45,165,560	8,517,809
Housing	51,890				51,890	43,793			43,793	8,097
Public Safety	18,191,421	2,505,579			20,697,000	15,352,762	2,061,387		17,414,149	3,282,851
Sport & Recreation	50,430,443	8,107,476	-		58,537,919	42,561,084	6,670,172		49,231,256	9,306,662
Environmental Protection					-				-	-
Waste Management	123,405,400	30,252,115	-		153,657,515	104,148,750	24,888,983		129,037,733	24,619,782
Road Transport	146,777,265	26,378,006	-		173,155,271	123,873,580	21,701,681		145,575,261	27,580,010
Water	256,899,535	40,653,510	-		297,553,045	216,811,950	33,446,406		250,258,356	47,294,689
Electricity	101,347,758	16,132,087	-		117,479,845	85,533,066	13,272,170		98,805,236	18,674,608
Other	160,831,861	2,354,665			163,186,526	135,735,043	1,937,227		137,672,269	25,514,256
					-					
<b>TOTAL</b>	<b>933,495,038</b>	<b>137,352,154</b>	<b>-</b>	<b>-</b>	<b>1,070,847,192</b>	<b>787,828,904</b>	<b>113,002,197</b>	<b>-</b>	<b>900,831,100</b>	<b>170,016,092</b>



**Madibeng Local Municipality**  
**Annual Financial Statements for the year ended 30 June 2008**

**APPENDIX D**

**LOCAL MUNICIPALITY OF MADIBENG: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>		<b>2008 Actual Income R</b>	<b>2008 Actual Expenditure R</b>	<b>2008 Surplus/ (Deficit) R</b>
22,328,310	24,851,700	(2,523,390)	Executive & Council	15,906,058.57	26,211,994.99	(10,305,936)
232,402,720	101,043,818	131,358,903	Finance & Admin	198,767,602	96,361,233	102,406,369
764,940	11,742,728	(10,977,788)	Planning & Development	20,230	5,311,053	(5,290,823)
29,499	6,104,031	(6,074,532)	Health	72,440	7,529,473.72	(7,457,034)
16,038,988	74,791,070	(58,752,083)	Community & Social Services	25,522,409	40,449,041	(14,926,633)
194,482,992	143,092,194	51,390,797	Housing	40,086,818	51,098,350	(11,011,532)
5,968,597	9,105,264	(3,136,667)	Public Safety	37,233,783	58,456,658.26	(21,222,875)
1,273,977	28,719,271	(27,445,295)	Sport & Recreation	2,405,076	41,772,540	(39,367,463)
135,633	7,115,551	(6,979,919)	Environmental Protection	87,490	2,489,861.86	(2,402,371)
49,258,772	43,205,454	6,053,318	Waste Management	50,451,742	51,453,565	(1,001,823)
			Road Transport		27,444,927.42	(27,444,927)
100,925,295	116,329,188	(15,403,893)	Water	75,268,130	94,164,568	(18,896,439)
143,221,336	126,768,494	16,452,843	Electricity	154,662,529.53	136,383,792.09	18,278,737
-	5,745,316	(5,745,316)	Leave provision		7,406,505.00	(7,406,505)
			Other	24,001,848	17,308,167	6,693,681
766,831,058	698,614,079	68,216,978	<b>Total</b>	624,486,156	663,841,730	(39,355,574)

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**APPENDIX E1**

**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

	<u><b>2008</b></u>	<u><b>2008</b></u>	<u><b>2008</b></u>	<u><b>2008</b></u>	<u><b>Explanation of Significant Variances</b></u>
<b>REVENUE</b>	<b>Actual (R)</b>	<b>Budget (R)</b>	<b>Variance (R)</b>	<b>Variance (%)</b>	<b>greater than 10% versus Budget</b>
Property rates	89,969,620	78,661,846	11,307,774	-14%	<i>The municipality registered more new ratepayers in the current year</i>
Property rates - penalties imposed and collection charges	-	-			
Service charges	243,201,817	252,078,558	8,876,741	4%	
Regional Services Levies – turnover	-	-			
Regional Services Levies – remuneration	-	-			
Rental of facilities and equipment	924,700	1,188,000	263,300	22%	
Interest earned - external investments	6,705,571	443,000	-6,262,508	-1414%	
Interest earned - outstanding debtors	11,657,180	11,277,141	-380,039	-3%	
Dividends received	59,201	0	-59,201		
Fines	1,607,472	7,600,000	5,992,528	79%	
Licences and permits	1,275,284	2,726,706	1,451,422	53%	
Income for agency services	5,703,415	3,949,180	-1,754,235	-44%	
Government grants and subsidies	164,533,963	121,695,790	42,838,173	-35%	
Other income	33,964,102	35,398,820	1,389,654	4%	
Public contributions, donated/contributed PPE	-	-			
Gains on disposal of property, plant and equipment	-	-			
Internal transfers	64,838,831	71,940,449	7,101,618	10%	
<b>Total Revenue</b>	<b>624,486,156</b>	<b>586,959,490</b>	<b>37,526,666</b>		
<b>EXPENDITURE</b>					
Executive & Council	26,211,994.99	40,330,000	14,118,005	35%	
Finance & Admin	96,361,233	116,559,000	20,197,767	17%	

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Planning & Development	5,311,053	13,609,000	8,297,947	61%	
Health	7,529,473.72	7,108,000	-421,474	-6%	
Community & Social Services	40,449,041	11,635,000	28,814,041	-248%	
Housing	51,098,350	12,779,000	38,319,350	-300%	
Public Safety	58,456,658.26	42,225,000	16,231,658	-38%	
Sport & Recreation	41,772,540	28,758,000	13,014,540	-45%	
Environmental Protection	2,489,861.86	4,491,000	2,001,138	45%	
Waste Management	51,453,565	53,459,000	2,005,435	4%	
Road Transport	27,444,927.42	33,217,000	5,772,073	17%	
Water	94,164,568	81,800,000	12,364,568	-15%	
Electricity	136,383,792	133,254,000	-3,129,792	-2%	
Other	24,714,672	7,321,000	19,346,650	-264%	
<b>Total Expenditure</b>	<b>663,841,730</b>	<b>586,545,000</b>	<b>79,249,708</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-39,355,574</b>	<b>414,490</b>			

**Madibeng Local Municipality**  
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APPENDIX E(2)

LOCAL MUNICIPALITY OF MADIBENG: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u>	<u>2008</u> <u>Total</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
		<u>Construction</u>	<u>Additions</u>				
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Executive & Council	251,833			400,000	2,818,167	11	
Finance & Admin	280,431			3,070,000	2,037,569	7	
Planning & Development	3,804,236	-		2,318,000	-1,486,236	0	
Health					-		
Community & Social Services	7,835,870	-		7,025,000	392,783	0	
Housing					-		
Public Safety	2,505,579	-		1,889,000	616,579	0	
Sport & Recreation	8,869,453	-		12,695,000	4,587,524	1	
Environmental Protection					-		
Waste Management	30,252,115	-		25,774,682	-4,477,433	0	
Road Transport	26,378,006	-		30,635,000	4,256,994	0	
Water	40,653,510	-		43,909,300	3,255,790	0	
Electricity	16,132,087	-		24,643,118	8,511,031	1	
Other	2,354,664.64			1,080,000	-1,274,665	1	
<b>TOTAL</b>	<b>137,317,784</b>	<b>-</b>	<b>-</b>	<b>153,439,100</b>	<b>18,004,946</b>		